



Statement by

**Ms. Regina De Jesus De Sousa
Director-General, General Directorate for Treasury Ministry of Finance of the
Democratic Republic of Timor-Leste**

**Capacity-building Workshop for Small Island Developing States in preparation
for the Fourth International Conference on Financing for Development (FFD4)
Session on “Domestic and international private business and finance”**

Sharing Timor-Leste’s National Experience

Conference Room 12, UNHQ
10 December 2024, 11:30 - 13:00

Check Against Delivery

Mr. Moderator,

Thank you for giving me the floor.

Timor-Leste's development needs are closely tied to the role of domestic and international private business and finance sectors in achieving the Sustainable Development Goals (SDGs). My country recognizes the importance of these sectors in creating employment, building skills, spurring innovation, and providing essential infrastructure and affordable goods and services.

In this context, economic diversification is critical to Timor-Leste's sustainable development and long-term prosperity. My country aims to reduce its reliance on petroleum revenues by developing agriculture, tourism, manufacturing, and petrochemical industries. These sectors can potentially reduce poverty and contribute to inclusive and enduring development.

Moreover, Timor-Leste's ocean economy, which accounts for approximately 87% of its GDP, offers opportunities for employment creation, environmental sustainability, and food security. Successive government has been focusing on empowering local entrepreneurs and inviting international investors to explore and develop innovative ideas to harness the potential of the blue economy.

However, in recent years, Timor-Leste has experienced political uncertainty and deadlock, which has reversed the positive growth trend. Timor-Leste also faces several challenges, including economic stagnation, petroleum dependency, lack of economic opportunities, climate-related disasters, lack of access to affordable financing, weak infrastructure, shortage of technical skills in the workforce, and high operational costs. Domestic and international private business and finance play a crucial role in addressing these pressing challenges and supporting the country's development needs.

In the face of these challenges, the outcome of the Fourth International Conference on Financing for Development should reflect the following emerging issues and

areas of concern of developing countries, particularly SIDS and LDCs including Timor-Leste, to allow them to diversify their economy, increase market share in international trade, stimulate and sustain growth and development.

1. The FFD4 should engage private businesses and finance sectors to boost economic diversification, which is crucial for SIDS, and mitigate the risks associated with economic shocks in low-income countries.
2. The FFD4 should be able to support the development of innovative financial instruments, which can be tailored to SIDS' ocean-based economies. By harnessing the potential of their ocean territories, SIDS can chart a course toward a more sustainable and prosperous future.
3. The FFD4 should push for resilience to climate change and for environmental sustainability—an area which most SIDS and low-lying states depend on. It is vital to support initiatives such as regional insurance schemes, ensuring effective response and rapid recovery from climate-related disasters, and mobilizing private capital for climate adaptation projects. These will allow SIDS and LDCs to address biodiversity loss and promote nature-based solutions, mobilize private sector investment for green technologies and renewable energy in SIDS, and scale up climate financing.
4. The outcome of FFD4 should address the issue of supporting SIDS and LDCs to access international capital markets. This can be facilitated by improving creditworthiness and reducing risk premiums. It is important to promote regional financial integration and capacity-building to enhance the resilience of financial markets in developing economies.
5. The FFD4 should promote domestic private sector investment in developing countries, aimed at expanding incentives in priority areas like renewable energy, digital infrastructure, and healthcare. There is a need to strengthen the alignment of private sector activities with the SDGs through impact investing

and ESG (Environmental, Social, Governance) standards. Furthermore, FFD4 should address barriers to domestic capital markets in developing countries, enabling greater access to finance for SMEs.

6. FFD4 should also address issues such as Micro, Small, and Medium-sized Enterprises (MSMEs) by establishing dedicated global and regional funds to support MSMEs, particularly in LDCs and SIDS.
7. International cooperation needs to be enhanced through a global platform that fosters dialogue and collaboration between governments, development banks, and private investors. Increasing technical and financial assistance for developing countries is vital to create an enabling environment for private sector participation.

To conclude, Timor-Leste reiterates its commitment to engage actively in the discussion and elaboration of the outcome document of the FFD4. Timor-Leste joins other Small Island Developing States (SIDS) and Least Developed Countries (LDCs), hoping that the outcomes of the Fourth International Conference on Financing for Development (FFD4) will address their unique challenges and ensure that financing mechanisms aligned with their sustainable development goals.

Thank you.